

NIH LIMITS ON GRADUATE STUDENT COMPENSATION

November 2015



Office of Contracts and Grants
UNIVERSITY OF COLORADO BOULDER

The purpose of this document is to provide guidance to the University of Colorado Boulder research community on the National Institutes of Health (NIH) requirements related to determining compensation levels for Graduate Research Assistants working on NIH research grants.

Background

In 2001, the National Institutes of Health (NIH) issued [NOT-OD-02-017 Graduate Student Compensation](#), which revised NIH's policy on graduate student compensation supported by funds from NIH research grants and cooperative agreements. The revised policy was issued to address findings in 1994 by the Department of Health and Human Services Inspector General that three of four universities reviewed were using Federal research grant funds to compensate graduate students at rates above amounts paid to first-year postdoctoral employees performing comparable work. Since postdoctoral employees were considered to have more experience and training than comparable graduate students in this study, the excess compensation for students was considered unreasonable.

Under NOT-OD-02-017:

- The maximum amount **awarded** by NIH for graduate students supported on research grants or cooperative agreements is tied to the zero level [National Research Service Award \(NRSA\)](#) postdoctoral stipend in effect at the time the grant award is issued.
- Consistent with cost principles for educational institutions described in Office of Management and Budget (OMB) Circular A-21, section J.41.b, the compensation of graduate students supported by research grants must be reasonable¹.
- NIH sets the zero-level postdoctoral NRSA stipend as a "useful benchmark" for an award amount that approximates a reasonable rate of compensation for graduate students.
- NIH defines graduate student compensation as salary or wages, fringe benefits, and tuition remission.
- NIH allows PIs to rebudget project funds to charge more than the awarded amount for GRA compensation, if that compensation can be justified as reasonable.
- Graduate student compensation (wages, fringe benefits, and tuition remission) 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.

University of Colorado Boulder Policy on Graduate Student Compensation on NIH-funded Projects

Under the NIH limit on graduate student compensation, many CU-Boulder departments with NIH-funded projects are unable to pay Graduate Research Assistants for full time work (defined as 50% time during the academic year and 100% time during summer months) at established University rates for GRAs and are unable to provide competitive compensation to attract the best graduate students. For these departments, the full-time compensation for GRAs (wages, fringe benefits and tuition) exceeds the "reasonable" level for compensation as defined by NIH, the zero-level postdoctoral NRSA stipend.

For these reasons, CU-Boulder has the following policy on graduate student compensation on NIH funded research projects:

- The minimum compensation level for full-time, first year postdocs on NIH funded projects at CU-Boulder is the current zero-level NRSA stipend plus fringe benefits.

¹ Circular A-21, section J.41.b defines reasonable compensation for graduate students as meaning that "... the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work." Since NOT-OD0-02-017 was issued, 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards has been published, replacing Circular A-21. The definition of "reasonable" compensation for students remains the same, as stated in § 75.466 Scholarships and student aid costs.

- For purposes of proposal budgeting, applicable inflation rates on salary and fringe benefits are applied to establish the first year postdoc compensation level each year.
- Postdocs are budgeted for and compensated at no less than this minimum level on all NIH funded projects.
- NOT-OD-02-017 states “actual institutional based compensation should be requested and information justifying the requested compensation level should be provided.” As such:
 - PIs should budget actual cost for GRA compensation on proposal budgets based on established University rates regardless of any cap on GRA compensation;
 - Justification of the GRA compensation above the NIH cap must be provided in the proposal budget justification with reference to CU-Boulder’s minimum compensation level for first year postdocs on NIH funded projects.
- NIH will only award up to the zero-level postdoc stipend for graduate student compensation.
- PIs may rebudget NIH funds to charge up to the CU-Boulder maximum level for GRAs, based on current CU-Boulder minimum compensation level for entry-level postdocs and established rates for GRA salary for each department, fringe benefits, and tuition.
- Graduate students appointed to NIH grants may not receive compensation in excess of the CU-Boulder minimum compensation level for entry-level postdocs.
- Formal rebudgeting is not necessary unless the change exceeds 25% of the total award amount.

These salary levels only apply to NIH research grants or cooperative agreements and do not apply to training and fellowship grants or projects funded by other sponsors. NIH training and fellowship grants are subject to the NRSA stipend levels without exception.

Example

Based on FY2016 Levels

Item	Total for One Year, Full-time
NIH NRSA stipend level for zero-level postdoc	\$42,840
Maximum amount NIH will award for GRA compensation	\$42,840
CU-Boulder minimum compensation for first year postdoc: \$42,840 + fringe benefits of \$15,979 at 37.3% rate	\$58,819
Full-time GRA in Computer Science proposed using University rates: \$37,632 salary, \$4,967 fringe benefits at 13.2% rate, \$13,680 tuition	\$56,279
CU-Boulder maximum compensation level for GRA (salary, fringe benefits, and tuition remission)	\$58,819

In this example, the PI budgets at the proposal stage for a GRA at actual cost for salary, fringe benefits and tuition remission as needed on the project and according to established University rates. The total cost is \$56,279 for a full-time GRA for one year. NIH will award \$42,840 for the GRA. The PI may rebudget after award and charge to the grant \$56,279 for the GRA.

Definitions

The following definitions relate to NIH-funded projects for purposes of this policy.

Compensation: Defined according to 2 CFR 200 Uniform Guidance, § 75.430 Compensation – Personal Services:

(a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits.

First year postdoc: Also called first year postdoctoral employee and first-year postdoctoral scientist.

Defined according to NIH's definition of "postdoctoral scholar":

An individual who has received a doctoral degree (or equivalent) and is engaged in a temporary and defined period of mentored advanced training to enhance the professional skills and research independence needed to pursue his or her chosen career path.

See <http://grants.nih.gov/grants/glossary.htm#P> and NIH-NSF Definition of a Postdoctoral Scholar, http://grants.nih.gov/training/Reed_Letter.pdf.

In most cases, this definition of "First year postdoc" does not apply to "Research Associate" positions at CU-Boulder, and, therefore, the minimum salary restriction also does not apply to most Research Associates.

GRA compensation: In all cases of this policy, GRA compensation refers to salary, fringe benefits, and tuition remission budgeted or paid to a GRA.

Reasonable: Related to salaries, reasonable is defined in accordance with *2 CFR 200 Uniform Guidance, § 75.430 Compensation – Personal Services:*

(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

Related to students, *2 CFR 200 §75.466 Scholarships and student aid* costs also applies, ". . . the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work."

For GRA compensation, reasonable is defined as no more than the amount paid to a first-year postdoctoral scientist at the same institution performing comparable work. (NOT-OD-12-017)