



National Institutes of Health (NIH) Salary Cap

- Eliminate salary cap or maintain salary cap at Executive Level I in FY 2003 Labor-HHS Appropriations bill.

Issue

Since FY 1990, the Labor-HHS-Education Appropriations bills have included language stipulating a cap on the salaries of extramural researchers supported by the National Institutes of Health (NIH). The caps have limited the amount of an NIH research grant that can be applied to the researcher's salary. Over the past several years, UC has worked to eliminate the cap or at least raise the cap to be the same as the intramural NIH researcher salary cap, otherwise known as Executive Level I.

In the FY 2001 Labor-HHS Appropriations conference agreement, Congress raised the cap to the Executive Level I amount and kept it at Executive Level I (currently \$166,700) for FY 2002. However, President Bush's FY 2003 budget proposal regresses and reduces the salary cap to the Executive Level II rate (currently \$150,000).

Background

As part of its FY 1990 budget submission, the Administration proposed a salary cap for extramural NIH researchers. The House Labor-HHS-Education Appropriations Subcommittee rejected the proposal, but the Senate panel adopted the cap, and the House-Senate conference committee included the Senate position of a \$120,000 salary cap into the final bill.

Similar language has been included in each subsequent Labor-HHS-Education appropriation with some modifications: The limit was increased in the FY 1992 appropriation to \$125,000. In FY 1999, Congress linked the maximum salary to the Executive Level III salary rate, \$125,900. At the behest of the academic medical community including the University of California, appropriators raised the cap further in FY 2000 to Executive Level II (\$141,300/year at the time) and in FY 2001 the Congress increased the cap to Executive Level I. President Bush's budget request for FY 2002 would have pushed the salary cap back down to Executive Level II, but after hearing from the community, Congress kept it at Level I.

This cap on extramural salaries is just one of a number of steps the federal government has taken during the last decade to increase the demands for cost-sharing on federally financed projects, including limits on allowable facilities and administrative (F&A) costs and new regulations concerning the compensation of graduate students working on research projects. This progressive shift of research costs to medical schools comes at the same time that discretionary funds from clinical revenue available to cover these costs have been shrinking. Institutions are reporting difficulties finding the financial support necessary to recruit and retain top quality researchers.

Ironically, this is a situation that the NIH intramural community faced in the late 1980's. One of the solutions Congress developed to permit the NIH to recruit and retain high-quality scientific investigators was the Senior Biomedical Research Service (SBRS), which was established in November 1990. Under the SBRS, the NIH can support up to 500 "individuals outstanding in the field of biomedical research or clinical research evaluation." The salary for members of the service cannot exceed Level I of the Executive pay scale.

UC FGR has worked with Senator Feinstein on this issue over the past several years and she has been supportive of our efforts. She has written letters and weighed in with the Labor-HHS Subcommittee. We have also worked with our House appropriators, especially Reps. Cunningham and Pelosi, who both sit on the House Labor-HHS Subcommittee and have been attentive to our concerns.

Current Status

The Administration's FY 2003 budget proposal includes language reverting the salary cap back to the lower Executive Level II status.

Late last week, the Senate Appropriations Committee passed its FY 2003 Labor-HHS-Education Appropriations bill with language maintaining the salary cap at Executive Level I. The House has not yet begun to markup its FY 2003 Labor-HHS-Education Appropriations bill.

Prior to the Senate mark-up, the biomedical research community sent a letter to the chairs and ranking members of the House and Senate Appropriations Labor-HHS-Education Subcommittee, urging them to keep the cap at Executive Level I. The University of California signed on to the letter (attached).

Advocacy Message

UC urges Congressional support for keeping the salary cap for extramural NIH researchers to a level equal to the salaries of top researchers based at NIH.

This policy eliminates the disparity between salary levels of NIH researchers and external researchers on NIH grants and allows universities and other academic research institutions to better compete with the private sector for the nation's top biomedical researchers.

At a time when other budget constraints are severely limiting most academic institutions from making up the difference between the cap and actual clinician salaries, maintaining the cap at Executive Level I will help UC recruit and retain the country's finest clinician researchers.

July 12, 2002

The Honorable Tom Harkin
Chairman
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
United States Senate
182 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

The undersigned organizations and institutions, which represent the nation's patients and leading medical schools, teaching hospitals, universities, research institutes, and scientists, thank you for your continued support of the National Institutes of Health. The nation's future health will benefit from the efforts Congress has led to double the NIH budget. As you begin to consider the Fiscal Year 2003 Labor, Health and Human Services, and Education and Related Agencies Appropriations bill, we bring to your attention an issue of particular importance that we appreciate your having also addressed in last year's bill. Specifically, we urge you to retain the provision from last year's bill that maintained the salary cap imposed on extramural NIH researchers at Level I of the Executive pay scale, which equals \$166,700 in FY 2002. Congress recognized the importance of this issue when it preserved the cap at Executive Level I in last year's bill, which we very much appreciate.

One of the benefits of the efforts to double the NIH budget has been to rekindle the enthusiasm of the best and brightest minds in the nation's medical research enterprise. It is especially critical that these efforts include the increased participation of physician-scientists to address the high national priority, affirmed by the Congress, of strengthening clinical research.

The extramural salary cap disproportionately affects physician investigators and serves as a deterrent to their recruitment into research careers. Since the Federal government imposed the salary cap on extramural researchers in 1990, medical schools, universities and other research institutions have been increasingly forced to bear more of the costs of physician-scientists' (and other investigators') salaries. Unfortunately, this comes at a time when discretionary funds from clinical revenues and other sources traditionally available to cover these costs continue to shrink. Retaining the extramural salary cap at Executive Level I will allow our institutions to continue to attract and retain the best investigators in our research programs.

In addition, maintaining the salary cap at Executive Level I will restore a level playing field between extramural investigators and intramural NIH scientists who are eligible for Executive Level I salaries under the Senior Biomedical Research Service (SBRS).

We urge you to maintain the salary cap at the Executive Level I when you consider the FY 2003 L/HHS appropriation.

Sincerely,

The University of California joined 113 other universities, associations, and institutions in signing this letter.