

Restrictions on Graduate Student Compensation on NIH Grants

A revised policy related to the level of compensation for graduate students supported by funds from National Institutes of Health (NIH) research grants and cooperative agreements was published in 2001 (<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-02-017.html>). Under this policy, the maximum amount awarded by the NIH for the support of a graduate student supported on a research grant or a cooperative agreement is tied to the zero level National Research Service Award (NRSA) stipend in effect at the time the grant award is issued. The policy also mandated that consistent with cost principles for educational institutions described in Office of Management and Budget (OMB) Circular A-21 at section J.41.b, the compensation of graduate students supported by research grants must be reasonable. NIH defined compensation as salary or wages, fringe benefits, and tuition remission.

In 1994, the Department of Health and Human Services Inspector General reported that three of the 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.

NIH has established the entry-level postdoctoral NRSA stipend as the benchmark for an award amount that approximates a reasonable rate of compensation for graduate students. 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.

Penn State publishes its minimum salary level for postdoctoral scholars each year (<https://guru.psu.edu/gfug/appendices/app05-1314.html>). Penn State's current minimum salary for postdoctoral scholars is \$39,804. **Graduate students appointed to NIH grants may not receive compensation (salary, fringe benefits and tuition remission) in excess of \$49,755 (i.e., \$39,804 plus 25% fringe) unless a higher minimum salary has been established for postdoctoral scholars in that department.**

NIH's minimum salary for postdoctoral scholars is \$42,000 (<http://grants.nih.gov/grants/guide/notice-files/not-od-14-046.html>). **Under no circumstances should a graduate student appointed to an NIH grant be compensated in an amount that exceeds \$52,500 (i.e., \$42,000 plus 25% fringe).**

The DHHS Inspector General has audited universities to ensure that this rule is being followed. Please confirm that none of your graduate students appointed to NIH grants are being compensated in excess of the levels established above. In calculating graduate student compensation, please remember to include stipend, fringe benefits, and tuition, as well as any summer support.

Last updated: 2/25/2014 (John Hanold)

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Located on web: <http://www.research.psu.edu/osp/documents/proposal/gradcomp.pdf>