DHHS Salary Cap Calculation

Faculty with Full-Time Appointment (based on the Executive Level II salary of \$212,100)

To ensure compliance to DHHS/NIH policy, it has been recommended that a manual calculation of the actual payroll amounts to the current CAP limit be used to determine the amount of cost sharing as it relates to the limitation.

When a JHU employee's Institutional Base Salary (IBS) is over the amount of Executive Level II of the Federal Executive pay scale, the Executive Level II salary of \$212,100 will be used to calculate the JHU employee's labor distribution.

Dr. Rosenbluth's received a new NIH award. Dr. Rosenbluth is providing 40% of effort on the NIH Award #2.

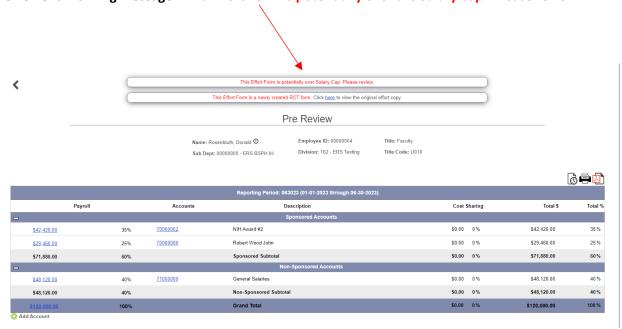
Step 1: Calculate Salary to be charged to NIH Award

Dr. Rosenbluth's current Institutional Base Salary is \$240,000. The current NIH Salary Cap Limitation is \$212,100. Dr. Rosenbluth's labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, \$212,100 X 40% of effort provided to the new NIH Award #2. Salary Cap (Executive Level II) X Effort Percentage

Salary Cap (Executive Level II) X Actual Effort \$212,100 X 40% = \$84,840* this is the maximum salary allowed to be charged to the NIH Award #2. \$84,840/24 = \$3,535 per pay period

Step 2: Review the Semi-Annual Effort Form and Calculate the NIH Salary Cap Cost Sharing

Helpful Hint: If a JHU Employee's total pay is over the salary cap, the effort form will give the Pre Reviewer a warning message "This Effort Form is potentially over the Salary Cap. Please review."



NIH Salary Cap X Actual Effort (Payroll Amount)

\$212,100 X 40% = \$84,840 (For six months \$42,420)

The effort percentages on the Effort Form are calculated using the Institutional Base Salary (IBS) IBS X Effort Percentage

\$240,000 X 40% = \$96,000 (For six months \$48,000)

The cost sharing amount on Cost Sharing Column \$96,000-\$84,840 = \$11,160 (For six months \$5,580)

After the cost sharing adjustment, the effort form will reflect the 40% of effort on NIH Award #2.



If 35% of effort is correct effort provided to the NIH Award #2 the department will need to reduce the salary on the NIH/DHHS award by using an E form. Once the E form is approved the Effort Form will be updated with E form changes.

E form will credit NIH Award #2 and debit a non-sponsored account

Originally charged \$84,840 (3,535.00/per pay) -\$74,235 (3,093.12/per pay) (see calculation below) = credit of \$10,605 (\$441.88 per pay period)

After the approved E form has been updated in ERS, the Effort Form will appear as below: NIH Salary Cap X Actual Effort (Payroll Amount)

\$212,100 x 35% = \$74,235 (For six months \$37,117.50)

IBS X Effort Percentage

\$240,000 x 35% = \$84,000 (For six months \$42,000)

The cost sharing amount on Cost Sharing Column

\$84,000-\$74,235 = \$9,765 (For six months \$4,882.50)



References:

NIH Salary Cap Summary

https://grants.nih.gov/grants/policy/salcap_summary.htm

DHHS

Please review the DHHS Agencies grant policies and Notice of Award

If you have any further question about this please contact effort@jhu.edu .