DHHS Salary Cap Calculation

Faculty with Part-Time Appointment (based on the Executive Level II salary of \$189,600 as an example)

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) at 1.0 FTE is over the amount of Executive Level II of the Federal Executive pay scale, the Executive Level II salary of \$189,600 will be used to calculate the JHU employee's labor distribution. (*Executive Level II salary may change, please review the NIH Salary Cap summary for correct salary limitation.)

Dr. Harrison's received a new NIH award. Dr. Harrison is providing 30% of effort the on NIH Award #2.

Step 1: Calculate Salary to be charged to NIH Award

Dr. Harrison's current Institutional Base Salary is \$240,000 and Actual Salary is 75% of his IBS or \$180,000 (\$240,000 X 75%). The current NIH Salary Cap Limitation is \$189,600, at 75% is \$142,200 (\$189,600 X 75%). Dr. Harrison's labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, \$142,200 X 30% of effort provided to new NIH Award #2. Salary Cap (Executive Level II) X Effort Percentage

Calculation for Adjusted Salary Cap
Actual Salary Paid/IBS=Percentage of Salary
\$180,000/240,000 = 75%

Percentage of Salary X Salary Cap (Executive Level II) = Adjusted Salary Cap 75% X \$189,600 = \$142,200

Calculate Salary to be charged to NIH Award
Adjusted Salary Cap (Executive Level II) X Actual Effort
\$142,200 X 30% = \$42,660 * this is the maximum salary allowed to be charged to the NIH Award #2.
\$42,660/24 = \$1,777.50 per pay period

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

NIH Salary Cap (Adjusted) X Actual Effort (Payroll Amount) \$142,200 X 30% = \$42,660 (For six months \$21,330)

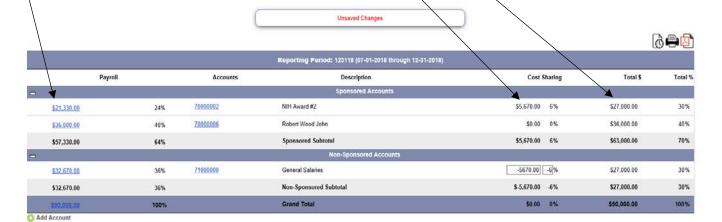
The effort percentages on the Effort Form are calculated using the Actual Salary Paid Actual Salary X Effort Percentage

Name: Harrison, Sally ①

Sub Dept: 000000000 - ERS BSPH IH

\$180,000 X 30% = \$54,000 (For six months \$27,000)

The cost sharing amount on Cost Sharing Column \$54,000-\$42,660 = \$11,340. (For six months \$5,670)



Employee ID: 000

Division: 162 - ERS Te

After the cost sharing adjustment, the effort form will reflect the 30% of effort on NIH Award #2.

If 24% 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 \$42,660 -\$34,128 (see calculation below) = \$8,472 (\$353 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)

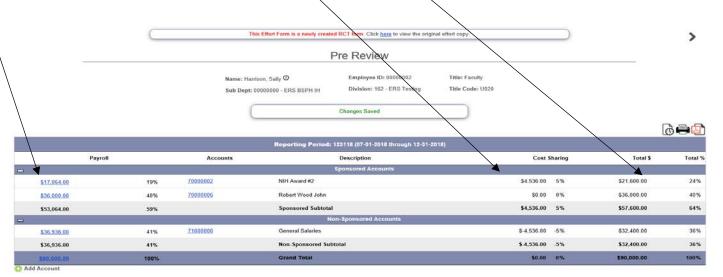
\$142,200 x 24% = \$34,128 (For six months \$17,064)

IBS X Effort Percentage

\$180,000 x 24% = \$43,200 (For six months \$21,600)

The cost sharing amount on Cost Sharing Column

\$43,200-\$34,128 = \$9,072 (For six months \$4,536)



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 additional questions please contact effort@jhu.edu or 443-997-3806.