DHHS Salary Cap Calculation
Faculty with Full-Time Appointment (based on the Executive Level II salary of $199,300)
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 $199,300 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 $199,300. Dr. Rosenbluth’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $199,300 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
$199,300 X 40% = $79,720* this is the maximum salary allowed to be charged to the NIH Award #2.
$79,720/24 = $3,321.67 per pay period

*this is the maximum salary allowed to be charged to the NIH Award #2.
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)
$199,300 X 40% = $79,720 (For six months $39,860)

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-$79,720 = $16,280 (For six months $8,140)

After the cost sharing adjustment, the effort form will reflect the 40% of effort on NIH Award #2.
If 33% 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 $79,720(3,321.67/per pay) -$65,769 (2,740.38/per pay) (see calculation below) = credit of $13,951 ($581.29 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)
$199,300 x 33% = $65,769 (For six months $32,884.50)

IBS X Effort Percentage
$240,000 x 33% = $79,200 (For six months $39,600.00)

The cost sharing amount on Cost Sharing Column
$79,200-$65,769 = $13,431 (For six months $6,715.50)

References:
NIH Salary Cap Summary

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 or 443-997-3806.