DHHS Salary Cap Calculation

Faculty with Part-Time Appointment (based on the Executive Level II salary of $203,700)

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 $203,700 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 $203,700, at 75% is $152,775 ($203,700 X 75%). Dr. Harrison’s labor distribution (Infotype 9027 Base Pay and Labor Distribution) will be calculated using the NIH Salary Cap, $152,775 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 $203,700 = $152,775

Calculate Salary to be charged to NIH Award
Adjusted Salary Cap (Executive Level II) X Actual Effort
$152,775 X 30% = $45,832.50* this is the maximum salary allowed to be charged to the NIH Award #2.
$45,832.50/24 = $1,909.69 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)
$152,775 \times 30\% = $45,832.50 \text{ (For six months $22,916.25)}

The effort percentages on the Effort Form are calculated using the Actual Salary Paid
Actual Salary \times Effort Percentage
$180,000 \times 30\% = $54,000 \text{ (For six months $27,000)}

The cost sharing amount on Cost Sharing Column
$54,000 - $45,832.50 = $8,167.50 \text{ (For six months $4,083.75)}

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

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<thead>
<tr>
<th>Payroll</th>
<th>Accounts</th>
<th>Description</th>
<th>Cost Sharing</th>
<th>Total</th>
<th>Total %</th>
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</thead>
<tbody>
<tr>
<td>$22,916.25</td>
<td>25%</td>
<td>NIH Award #2</td>
<td>$4,083.75</td>
<td>$27,000</td>
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<tr>
<td>$32,086.25</td>
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<td>Robert Wood John</td>
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<td>$35,606.25</td>
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<tr>
<td>$54,000</td>
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<td>$31,387.50</td>
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<td>$80,000.00</td>
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<td>Grand Total</td>
<td>$0.00</td>
<td>$90,000.00</td>
<td>100%</td>
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If 25% 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 $45,832.50 - $38,193.75 (see calculation below) = $7,638.75 ($318.28 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)
$152,775 x 25% = $38,193.75 (For six months $19,096.88)

IBS X Effort Percentage
$180,000 x 25% = $45,000 (For six months $22,500)

The cost sharing amount on Cost Sharing Column
$45,000 - $38,193.75 = $6,806.25 (For six months $3,403.12)

<table>
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<th>Cost Sharing</th>
<th>Total $</th>
<th>Total %</th>
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<td>$90,000.00</td>
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</table>

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.